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CRP No.1360 of 2023

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 10-12-2025

CORAM :

THE HONOURABLE MR.JUSTICE R.SAKTHIVEL

C.R.P. No.1360 of 2023

D.Govindarajan,
UPTODATE Unisex Saloon,
Ganesh Apartment,
No.12, Medavakkam Tank Road,
Ayanavaram,
Chennai – 600 028.

...Petitioner/Petitioner/Defendant

Vs

Rahul Raveendran
Proprietor,
M/s.Sree Ravees Finance,
No.12, (Old No.38), Marichetty
Street, Mandaveli,
Chennai - 600028.

...Respondent/Respondent/Plaintiff

PRAYER

Civil Revision Petition filed under Article 227 of the Constitution of India, 1950, praying to set aside the Order passed on September 02, 2022 in I.A.No.1 of 2021 on the file of XX Assistant City Civil Court, Allikulam, Chennai.

For Petitioner : Mr.K.N. Nataraaj



For Respondent : Mr.B.Dinesh Kumar

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ORDER

The Revision Petitioner herein is the Defendant in O.S.No.3758 of 2021 on the file of 'the XX Assistant City Civil Court, Chennai' (hereinafter referred to as the 'Trial Court') and the Respondent herein is the Plaintiff in the said Suit. Hereinafter, the parties will be referred to as per their array in the Original Suit.

2. The Plaintiff filed the Suit under Order XXXVII Rule 1 of 'the Code of Civil Procedure, 1908' ('CPC' for short), seeking a money decree for a sum of Rs.9,26,700/- together with interest at the rate of 18% per annum on the principal amount of Rs.7,50,000/- from the date of the Suit till realization, against the Defendant.

3. The case of the Plaintiff is that the Defendant borrowed a sum of Rs.7,00,000/- on August 28, 2015 and assured to repay the amount with interest, by executing two Promissory Notes on the same date. The Defendant paid interest up to September 17, 2018, but thereafter, failed to make any payment. Hence, the Plaintiff made a complaint before the Police and CSR.No.1633 of 2019 was registered on November 23, 2019.



Thereafter, an amicable settlement was arrived between the parties. As per the settlement, the Defendant agreed to settle by paying a sum of Rs.7,50,000/- towards principal and interest due, with interest thereon at 1.5% per month within a period of six months and requested not to take any legal action against the defendant. To that effect, the defendant executed an acknowledgment of debt on December 01, 2019 and 3 fresh promissory notes dated December 01, 2019 for Rs.5,00,000/-, Rs.2,00,000/- and Rs.50,000/-, enabling the defendant to settle one after the other for his convenience.

4. When the Plaintiff approached the Defendant in the month of September 2020 for repayment of the principal along with arrears of interest, the Defendant started paying interest in piecemeal. The Defendant paid a total sum of Rs.3,300/- only between September 24, 2020 and December 31, 2020 and thereafter, stopped making any payments. Hence, the plaintiff filed the Suit under Order XXXVII Rule 1 of CPC.

5. The Defendant after receiving summons, entered appearance and filed a petition in I.A. No.1 of 2021 under Order XXXVII Rule 3(5) of CPC seeking leave to defend the Suit.



6. The Trial Court, after hearing both sides and upon perusal of the plaint and plaint documents, concluded that the Defendant had not made out a case and accordingly, dismissed the petition.

7. Feeling aggrieved by the Dismissal Order passed by the Trial Court, the Defendant has filed this Civil Revision Petition.

8. The learned Counsel for the Revision Petitioner/Defendant submits that the Defendant had a valid defence. The Plaintiff was conducting chit fund business and the said promissory notes were executed only as a security for the purpose of the same. He further submits that as per Section 64(1) of the Chit Funds Act, 1982, the jurisdiction of the Civil Court is barred. The Trial Court without considering the same, erred in dismissing the leave to defend petition. Accordingly, he prays to allow the Civil Revision Petition.

9. Per contra, learned Counsel appearing for the Respondent/Plaintiff, reiterating the averments made in the plaint submits that after registration of CSR No.1633 of 2019 on November 23, 2019, an amicable settlement was entered between the parties, and the defendant executed 3 promissory notes in favour of the plaintiff. Subsequently, the



defendant paid a sum of Rs.3,300/- only as interest. Thereafter, the defendant never paid any amount. He further submits that the plaintiff is not conducting any chit fund business and that the defendant has not produced any material documents to show that the plaintiff is running a chit fund as alleged by him. The Trial Court after considering the facts and circumstances of the case, rightly dismissed the petition. There is no merit in this Revision Petition warranting interference with the Order passed by the Trial Court. Hence, the Civil Revision Petition is not maintainable. Accordingly, the learned counsel prays to dismiss the Civil Revision Petition .

10. This Court heard both sides submissions and perused the materials placed on record.

11. The case of the Defendant is that the Plaintiff is running a chit fund and the Defendant had taken a chit and executed 3 promissory notes as security therefor. However, the promissory notes are being misused by the Plaintiff and that the Suit is barred under Section 64(1) of the Chit Funds Act, 1982.

12. It is a probable defense that the Suit Promissory Notes were



executed only as a security in connection with a chit transaction and not towards a direct borrowing of money. As the Defendant is having a probable defense to contest the case, this Court is inclined to permit the Defendant to contest the Suit subject to payment of cost and certain conditions. This Court was also informed that the Suit was decreed in favour of the Plaintiff. The same has been verified by this Court with the help of the E-Courts web portal. With a view to avoid multiplicity of proceedings and in the interest of justice, this Court is inclined to set aside the Decree passed in favour of the Plaintiff in the Suit.

13. In fine, the Civil Revision Petition is allowed in the following terms:

- i) The Revision Petitioner/Defendant shall deposit a sum of Rs.4,00,000/- (Rupees four lakhs only) to the credit of O.S.No.3758 of 2021 on the file of XX Assistant City Civil Court, Chennai, on or before January 28, 2016.
- (ii) Upon such deposit, the Order dated September 2, 2022 passed in I.A.No.1 of 2021 and the Money Decree dated September 2, 2022 passed in O.S. No.3758 of 2021 shall stand set aside.
- (iii) The Defendant or his Counsel shall appear before the Trial



Court on February 1, 2026 and in turn, the Trial Court shall provide 30 days time to file written statement, if not already filed. The Trial Court shall frame issues and proceed with the case on merits and in accordance with law and pass Judgment untrammelled by any observation made by this Court.

- (iv) Further, the Trial Court shall keep / invest the said amount in a fixed deposit initially for a period of one year, in any one of the nationalised Banks and renew the same from time to time until final disposal of the Suit.
- (v) Appropriate Orders in respect of said amount and the accrued interest thereon shall be passed at the time of final judgment.
- (vi) The Revision Petitioner / Defendant is directed to co-operate with the Trial Court for speedy disposal of the Suit.
- (vii) Considering the facts and circumstances of the case, there shall be no order as to costs.

10-12-2025

PVS/TK
Index:Yes
Speaking
Internet:Yes
Neutral Citation:Yes



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To
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